# IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Filed 12/15/2

	Secretary of the second of the
CORMACK MEDICAL, INC.	
Plaintiff	Civil Action No. 1 2 6 1 3 RGS
v.	) JURY TRACEPEN ANDED WELL
	) AMOUNT \$ 150.00
HAND INNOVATIONS, INC. and	) SUMMONS ISSUED_ 3
HAND INNOVATIONS, LLC	) LOCAL RULE 4.1
	) WAIVER FORM
Defendants	) MCFISSUFD
	BY DPTY. CLK. W.P.
	DATE YANS DOON

#### COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff, Cormack Medical, Inc., by way of complaint against the defendants, Hand

Innovations, Inc. and Hand Innovations, LLC, alleges as follows:

### JURISDICTION AND VENUE

- 1. Plaintiff, Cormack Medical, Inc. ("Cormack Medical"), is a Massachusetts corporation with its principal place of business at 30 Turnpike Road, Suite 3, Southborough, Massachusetts 01772.
- 2. Defendant, Hand Innovations, Inc. is a Florida corporation with its principal place of business at 8905 SW 87th Avenue, Suite 220, Miami, Florida 33176.
- 3. Defendant, Hand Innovations, LLC, is a Delaware corporation with its principal place of business at 8905 SW 87th Avenue, Suite 220, Miami, Florida 33176.
- 4. Upon information and belief, Hand Innovations, LLC is the purchaser and successor in interest to Hand Innovations, Inc. and is responsible as such for damages resulting from wrongful conduct of Hand Innovations, Inc. as detailed below.

- 5. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1332(a) in that there is complete diversity of citizenship between the parties and the amount in controversy exceeds \$75,000.00, exclusive of costs and interest.
- 6. Venue in this Court is proper under 28 U.S.C. §1391(a) and (c) as a substantial part of the events and omissions giving rise to plaintiff's claim arose in this judicial district, plaintiff sold defendant's products in this judicial district and conducts a substantial volume of business in this judicial district, and defendants are subject to the personal jurisdiction of this Court.

#### <u>FACTS</u>

- 7. Defendants are manufacturers of medical equipment and other devices for use in repairing wrist and hand fractures.
- 8. Cormack Medical is a medical sales company that contracted with Hand Innovations, Inc. to act as its sales representative to sell products manufactured by Hand Innovations, Inc. in a designated territory.
- 9. On or about December 1, 2001, Cormack Medical and Hand Innovations, Inc. entered into Sales Representative Agreement (the "Agreement"). See Exhibit 1, December 1, 2001 Agreement attached hereto and made part hereof.
- 10. Pursuant to the Agreement, Hand Innovations, Inc. appointed Cormack Medical as Hand Innovation's exclusive sales representative for products manufactured or supplied by Hand Innovations, Inc. in a territory comprising the states of Massachusetts, Connecticut, Rhode Island, and Vermont (the "Territory"). See Exhibit 1, Agreement at Addendum A.

- 11. Cormack Medical was to receive commissions on all sales within the Territory pursuant to the terms of the Agreement as set forth in Addendum B thereof. See Exhibit 1, Agreement, Addendum B
- 12. The Agreement provided that commissions were payable to Cormack Medical "on or before the 20th day of each month, based upon revenues billed by the Company during the preceding calendar month." See Exhibit 1, Agreement at paragraph 9.
- 13. The Agreement also provided for termination as follows: "either party may terminate this Agreemen [sic] for good cause upon thirty (30) days' written notice to the other party." See Exhibit 1, Agreement at paragraph 3.
- 14. The Agreement provided that upon sale of Hand Innovations, Inc., Cormack Medical is be paid an amount equal to the prior year's commission (such commissions to be paid upon sale are referred to herein as the "Supplemental Commissions"). The Agreement further provided that "If successor contracts the Sales Representative and assignment is agreed upon, no payment will be made." See Exhibit 1, Agreement at paragraph 15.
- 15. Upon information and belief, Hand Innovations, LLC purchased Hand Innovations, Inc.
- 16. Prior to the December 31, 2004 renewal date of the Agreement, the Agreement was improperly terminated and Cormack Medical was advised it would no longer be paid commissions.
- Prior to and since the termination, defendants, or either of them, have failed to pay sums 17. of money to Cormack Medical as required by the Agreement and applicable statutes.

#### COUNT I

BREACH OF CONTRACT (against all defendants)

- 18. The averments contained in paragraphs one through 17 are incorporated by reference as though set forth fully herein.
- 19. Hand Innovations, Inc. failed to pay commissions and/or Supplemental Commissions to Cormack Medical as required by the Agreement.
- 20. Hand Innovations, Inc. terminated the Agreement in violation of the requirements of the Agreement.
- 21. Hand Innovations, LLC is liable for such breach of contract as a successor to Hand Innovations, Inc.
- As a result of defendant's breaches of contract, Cormack Medical suffered damages 22. including lost commissions.

#### COUNT II (against all defendants)

#### VIOLATION OF THE MASSACHUSETTS SALES REPRESENTATIVE ACT

- 23. The averments contained in paragraphs one through 22 are incorporated by reference as though set forth fully herein.
- 24. Plaintiff is a "Sales Representative" as defined under the Massachusetts Sales Representative Act, Mass. Gen. Laws Ann. Ch. 104, §7.
- 25. Defendants are "Principal[s]" as defined under the Massachusetts Sales Representative Act, Mass. Gen. Laws Ann. Ch. 104, Sec. §7.
- 26. Under Mass. Gen. Laws Ch. 104, §8, "All commissions that are due at the time of termination of a contract between a sales representative and principal shall be paid within fourteen days after the date of termination. Commissions that become due after the termination date shall be paid within fourteen days after the date on which the

commissions became due."

- 27. Contrary to the requirement of Mass. Gen. Laws Ann. Ch. 104, §8, defendants, or either of them, failed to pay commissions owing and due to Cormack Medical within 14 days of termination and/or within 14 days of the date on which they became due.
- 28. Under Mass. Gen. Laws Ann. Ch. 104, §9, "A principal who wilfully or knowingly fails to comply with provisions relating to the prompt paying of commissions set forth in section eight shall be liable to the sales representative in a civil action for the principal amount of the commissions owed and for an additional sum up to three times the amount of commissions and for reasonable attorney's fees and court costs."
- 29. Hand Innovations, LLC is liable for such breach of contract as a successor to Hand Innovations, Inc.
- 30. As a result of Hand Innovations, Inc.'s violations of the Massachusetts Sales

  Representative Act, plaintiff seeks damages against defendants in the amount of three
  times the amount of commissions that defendants failed to pay in a timely manner, as
  well as reasonable attorney's fees and court costs.

#### **COUNT III**

# VIOLATION OF THE MASSACHUSETTS CONSUMER PROTECTION ACT (against all defendants)

- 31. Plaintiff incorporates by reference the allegations of paragraphs one through 30 as though fully set forth herein.
- 32. The business dealings and transactions between plaintiff and defendants are acts constituting trade and commerce under Mass. Gen. Laws ch. 93A, and occurring

- primarily in the Commonwealth of Massachusetts.
- 33. Defendants employed unfair methods of competition and unfair or deceptive acts or practices in the conduct of their businesses, thereby damaging Cormack Medical. These acts and practices and the injuries sustained by Cormack Medical as a result occurred primarily and substantially within Massachusetts where defendants and their agents conducted business.
- 34. The unfair methods of competition and the unfair or deceptive acts or practices committed during the course of the relationship between the parties were unlawful under 15 U.S.C. §45(a)(1) and Mass. Gen. Laws Ch. 93A §§2(a) and 11 and the regulations promulgated thereunder by the Attorney General at 940 Code Mass. Regs. §3.16(4).
- 35. The unfair methods of competition and unfair or deceptive acts or practices committed by defendants include but are not limited to defendants intentionally, willfully, knowingly, and in bad faith acting in disregard of known contractual arrangements and in a manner intended to secure benefits for defendants, causing substantial injury to Cormack Medical.
- 36. Defendants' conduct offended public policy as it has been established by common law and other established concepts of unfairness; defendants acted in a manner that was immoral, unethical, oppressive, and unscrupulous and in a manner that a reasonable business person would find reprehensible.
- 37. Defendants' conduct has caused Cormack Medical to suffer damages including but not limited to lost commissions, diminution of the value of its business and loss of good will.

#### COUNT IV

#### TORTIOUS INTERFERENCE WITH CONTRACT

(against Hand Innovations, LLC)

- 38. Plaintiff incorporates by reference the allegations of paragraphs one through 37 as though fully set forth herein.
- 39. The Agreement existed between Cormack Medical and Hand Innovations, Inc.
- 40. Hand Innovations, LLC intentionally interfered with the Agreement.
- 41. As a result of such interference, Cormack Medical was damaged.

#### PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment against defendants as follows:

- 42. For actual damages in an amount according to proof at trial;
- 2. For compensatory damages suffered by plaintiff for violations of the applicable statutes in an amount according to proof at trial;
- 3. For multiple damages as required or authorized by statute;
- 4. For punitive and exemplary damages in an amount according to proof at trial and sufficient to punish defendants and to deter others from similar wrongdoing;
- 5. For attorney fees;
- 6. For pre and post judgment interest;
- 7. For costs of suit; and
- 8. For such further relief as the Court may deem just and proper.

# JURY DEMAND

Plaintiff demands a trial by jury of all issues so triable.

WESTON, PATRICK, WILLARD & REDDING

D/15/04

L. Seth Stadfeld, Esquire (BBO #476220)

84 State Street, 11th Floor Boston, MA 02109-2299

(617) 742-9310

OF COUNSEL: KRAMER & KRAMER, LLP Mitchell A. Kramer 1077 Rydal Road, Suite 100 Rydal, PA 19046 (215) 887-9030 and Barbara H. Kramer 24 Frank Lloyd Wright Drive, Lobby C Ann Arbor, MI 48105 (734) 930-5452

# SALES REPRESENTATION AGREEMENT

THIS SALES REPRESENTATION AGREEMENT is made and entered into as of December 1, 2001 by and between HAND INNOVATIONS, INC., a Florida corporation (hereinafter "the Company"), and Bill Cormack / Cormack Medical, Inc. (hereinafter "Sales Representative").

# WITNESSETH:

- The Company is in the business of manufacturing medical devices 1. and products for sales to physicians, hospitals, medical clinics and others.
- The Sales Representative wishes to sell on a commission basis for 2. the Company its products.
- The Company hereby appoints the Sales Representative as an 3. authorized sales representative of the Company's products.
- The term of this Agreement is effective as of the effective date 4. written above and shall continue for a period up to one (1) year, ending on December 31. Thereafter, it shall automatically renew for an additional one (1) year period. Notwithstanding the term of this Agreement, either party may terminate this Agreemen for good cause upon thirty (30) days' written notice to the other party.
- The Sales Representative will be the exclusive sales representative 5. for the Company's products in the territory depicted in Addendum A. The Sales Representative shall not sell, attempt to sell or solicit business from any customers located outside of the exclusive territory without the prior written consent of the Company.
- During the term of this Agreement, the Sales Representative shall 6. use its best efforts to sell the Company's products at the prices, terms and conditions that shall be established by the Company. All sales shall be on forms provided or approved by the Company. No sales orders shall be effective unless approved in writing by the Company. The Sales Representative shall forward all sales orders to the Company for approval within twenty-four (24) hours of completion.
- The Sales Representative shall use and employ only such sales 7. and promotional materials as shall be provided or approved by the Company. The Sales Representative shall not make any

representation, warranty or guarantee regarding the Company's products or services or alter, enlarge or limit any order without the express written consent of the Company. The Company shall approve all returns in writing.

- 8. The Sales Representative shall service each account and customer in its territory and shall cooperate with the Company in the promotion of the Company's products. The Sales Representative shall notify the Company immediately upon receiving any complaint or return request from any customer.
- 9. The Sales Representative shall receive commissions as outlined in Addendum B, on all sales revenues received by the Company from the sales by the Sales Representative of the Company's products, excluding any charges for sales tax, freight or delivery. Commissions shall be paid by the Company to the Sales Representative on or before the 20th day of each month, based upon revenues billed by the Company during the preceding calendar month, less all returns, rebates or other allowances granted customers of the Sales Representative during said calendar month. The Company shall be solely responsible for collection of revenue; however, at the Company's request, the Sales Representative shall assist the Company in collection of accounts receivable from the Sales Representative's customers. The Company, in its sole and absolute discretion, shall approve all sales on credit to each customer and elect to have any of its products sold to any customer on a C.O.D. basis. The Sales Representative shall, upon request of the Company, secure from any customer such credit information as the Company may request from time to time.
- 10. Every month following the initiation of this Agreement, the Company shall provide the Sales Representative with a report showing all sales, revenues, commissions and other pertinent information relating to the Sales Representative's customers.
- 11. The Company shall notify the Sales Representative of any customer complaints received; and upon request of the Company, the Sales Representative shall respond to any said complaints and report to the Company the nature of the complaint and its resolution.
- 12. The Company shall be solely responsible for design, development, production and furnishing of its products. The Company shall secure such patents, trademarks, service marks or other intellectual

property protection, as the Company deems necessary in its sole discretion. The Company shall indemnify and hold the Sales Representative harmless against any and all claims whatsoever made against the Sales Representative by any party alleging infringement of patents, trademarks or service marks resulting from the sale by the Sales Representative of any of the Company's products, or arising from any warranty claims or product liability claims asserted the Sales Representative, so long as the Sales Representative is not at fault for any such claims.

- 13. The Company shall from time to time, furnish the Sales Representative product samples, consignment inventory, catalogs, marketing of promotional literature and other material, which the Company in its sole discretion, deems necessary for the promotion and sale of its products. Upon termination of this Agreement, the Sales Representative shall return to the Company any and all such materials, which remain in its possession within ten (10) business days.
- 14. Any product, which the Sales Representative obtains for delivery to its customers, shall be at the sole risk of the Sales Representative and it shall be responsible for any damage or destruction of such products.
- 15. This agreement may be assigned with written consent from both parties. Upon sale of the company, representative will be paid the same amount the last year commission or commission for portion of year under contract if less than first full year. If successor contracts the Sales Representative and assignment is agreed upon, no payment will be made.
- The Sales Representative is acting as an independent contractor 16. and is not and shall not hold itself out as a partner, joint venturor, investor, shareholder, affiliate or in the case of an individual, an officer, director or employee of the Company. The Sales Representative shall be solely responsible for payment of all federal and state taxes arising from its activities, including, but not limited to, all income and payroll taxes for itself and its employees. The Sales Representative shall indemnify and hold the Company harmless from and against any and all claims of whatever kind and nature asserted against the Company which arise out of any warranty, representation or action made or undertaken by the Sales Representative which is outside the purview of this Agreement and/or is not approved by the Company.

- 17. Sales Representative agrees that it shall (i) take reasonable steps to protect the Confidential Information (as defined below) of the Company, using methods at least substantially equivalent to the steps it takes to protect its own proprietary information, but not less than a reasonable standard, during the Term of the Agreement and for a period of one (1) year following expiration and termination of this Agreement and (ii) prevent the duplication or disclosure of Confidential Information, other than by or to its employees who must have access to the Confidential Information to perform Sales Representative's obligations hereunder, provided that Sales Representative shall make its employees aware of the restrictions of this section.
- For purposes of this Agreement, "Confidential Information" means 18. all confidential and proprietary information of the Company, including, without limitation, information relating to: the business; trade secret information; client, investor, customer and supplier lists, and contracts or arrangements; financial information (including financial statements, budgets and projections); market research and development procedures, processes, techniques, plans and results (including inconclusive results); all information which may be included by the party in any patent, trademark or copyright application or amendment thereof or defense or litigation with respect thereto; design, manufacturing, marketing, licensing and distribution strategies, plans or projections; investment or acquisition opportunities, plans or strategies; product composition; pricing information or policies; royalty or licensing arrangements; computer software, passwords, programs or data; and all other business related information which has not been publicly disclosed by the Company, whether such information is in written, graphic, recorded electronic, photographic, data or any machine readable form or is orally conveyed to or developed by the Company; provided that Confidential Information shall not include information which: (i) at the time of disclosure is generally known in the business and industry in which the Company is engaged; or (ii) after disclosure is published or otherwise becomes generally known in such business or industry through no fault of the Sales Representative.
- The laws of the State of Florida shall govern this Agreement. This 19. Agreement shall be considered to have been entered into at Miami, Florida. Sales Representative consents to the jurisdiction of all state and federal courts located in Miami-Dade County, Florida.

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement effective the date and year first above written.

	Company:
	HAND INNOVATIONS, INC., a Florida corporation
	By:
	Title: V.P of Sales & Marketing
	Sales Representative (s):
1	2
	Associate Sales Representative (s):
1	2
3	4

Sales Representative Business Address:

Bill Cormack Cormack Medical, Inc. 30 Turnpike Road, Suite 3 Southboro, MA 01772

# ADDENDUM B

# COMMISSION STRUCTURE

Products

"Metacarpal Intramedullary Fixation System" "Distal Radius Fracture Plate System"
"Dorsal Nail Plate System"

Items Sold at List Price

Sales Representative commission 25% on all devices listed above.

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SJS 44 (Rev. 3/99)

# CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS Cormack Medical, Inc. 30 Turnpike Road, Suite 3				DEFENDANTS Hand Innovations, Inc. 8905 SW 87th Avenue, Suite 220			
Southborough, MA 01772				Miami, FL 33176			
(b) County of Residence of		CASES)		NOTE: IN LAN	nce of First Listed (IN U.S. PLAINTIFF CASE D CONDEMNATION CASES, UNVOLVED.	ES ONLY)	
(c) Attorney's (Firm Nam	ne, Address, and Telephone	Number)		Attorneys (If Kno	own) 1 6) C	R PC	
	adfeld, Esq trick, Will treet Bost			<b>U4</b>	126	) L O INO	
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I U.S. Government	3 Federal Question (U.S. Govern	n ment Not a Party)	· ·	n of This State		Principal Place 4 4	
2 U.S. Government 4 Diversity Defendant (Indicate Citizenship of Parties in Item III)		Citizen of Another State 2 2 Incorporated and Principal 5 3 5 of Business In Another State					
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V. ORIGIN  ☑ Original ☐ 2 Re	ate Court /	Remanded from Appellate Court	4 Reoper	ated or 5 (specimed	erred from er district fy)6 Multidistr Litigation		
VI. CAUSE OF ACT	Do not cite jurisdiction	ate under which you are fi al statutes unless diversing n 1332 (a)		brief statement of cause.			
VII. REQUESTED IN COMPLAINT:	N CHECK IF TH UNDER F.R.C	IS IS A CLASS ACT	TON DEMA	AND	CHECK YES only JURY DEMAND	y if demanded in complaint:	
VIII. RELATED CAS	SE(S) (See instructions)	: JUDGE			DOCKET NUMBER	× 4	
DATE		SICNATIBEOEA	TTOPNEYO	E BECOBO			
FOR OFFICE USE ONLY	<u> </u>						
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#### UNITED STATES DISTRICT COURT DISTRICT OF MASSACHUSETTS

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		, if any, of related cases. (See local rule 40.1(g)). If more than one se indicate the title and number of the first filed case in this court. $N/A$	prior related case has been filed in	
Has a	prior actio	n between the same parties and based on the same claim ever beer	n filed in this court?	
		YES	NO X	
	the compla C §2403)	int in this case question the constitutionality of an act of congress a		
if so	is the IIS A	YES . or an officer, agent or employee of the U.S. a party?	No x	
11 30,	13 UIG V.J.A	YES	NO	
is this	case requi	red to be heard and determined by a district court of three judges p	ursuant to title 28 USC §2284?	
	chusetts ('	ies in this action, excluding governmental agencies of the united st 'governmental agencies"), residing in Massachusetts reside in the		
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	В.	If no, in which division do the majority of the plaintiffs or the only agencies, residing in Massachusetts reside?	parties, excluding governmental	
		Eastern Division Central Division	Western Division	
		of Removal - are there any motions pending in the state court requiring arate sheet identifying the motions)	ng the attention of this Court? (If	
		YES	NO X	
SE TYPE	OR PRINT			
DMEVIC	NAME	L. Seth Stadfeld, Esquire Wes	ton, Patrick, Willard	& Redding
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